TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL MEMORANDUM

HB 1675 - SB 1633

February 25, 2020

SUMMARY OF ORIGINAL BILL: Establishes that the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) is not required to file a report on state guidelines to implement state obligations under federal EPA emission guidelines if such guidelines are based solely on measures that improve the efficiency of coal-fired electric-generating units.

Requires the Department of Environment and Conservation (TDEC) to develop a plan to implement the federal Affordable Clean Energy (ACE) Rule and submit such plan to the EPA by June 15, 2020. The plan is prohibited from imposing standards of performance or a compliance schedule which results in either: the retirement of any existing coal-fired electricity generating unit or an increase in price rates for electricity that exceeds one half of one percent.

Requires owners of any coal-fired electricity generating unit to expeditiously provide data and analyses to the TDEC in order to aid the Department's development of such plan.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - Exceeds $300,000/FY19-20

SUMMARY OF AMENDMENT (015426): Deletes and rewrites all language after the enacting clause such that the only substantive change require the TDEC to submit such plan by November 1, 2020, rather than by June 15, 2020, and to pay any costs associated with the implementation of this legislation from funds in the Department's budgets for FY19-20 and FY20-21.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Exceeds $300,000/FY20-21

Other Fiscal Impact – Passage of the proposed legislation will reduce the amount of reversion to the General Fund from the Department of Environment and Conservation by an amount exceeding $300,000 in FY20-21.

Assumptions for the bill as amended:

- Under federal rule 40 CFR 60, states have until July 8, 2022 to submit a plan to implement the ACE.
- Based on information provided by the TDEC, it would utilize a contractor to meet the requirements of this legislation.
- Based on communication with a contractor, a one-time increase in state expenditures exceeding $300,000 in FY20-21.
- The proposed legislation requires TDEC to pay any costs associated with the implementation of this legislation from funds in the Department's budgets for FY19-20 and FY20-21
- It is assumed TDEC's FY20-21 reversion will be reduced by at least $300,000.
- TDEC has experienced the following reversions to the General Fund over the past three fiscal years:
  - $1,341,500 in FY16-17;
  - $2,069,318 in FY17-18; and
  - $1,702,950 in FY18-19.
- It is assumed TDEC's FY20-21 reversion under current law will be approximately $1,704,589 [($1,341,500 + $2,069,318 + $1,702,950) / 3 fiscal years].
- As a result of this legislation, TDEC's reversion to the General Fund in FY20-21 will be approximately $1,404,589 ($1,704,589 - $300,000).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista Lee Carsner

Krista Lee Carsner, Executive Director

/jdb